JUL 1 3 1979

item 516-C

HE 3.28/2:978/15

U.S. DEPARTMENT HEALTH, EDUCATION, & WELFARE | SOCIAL SECURITY ADMINISTRATION | OFFICE OF PROGRAM POLICY AND PLANNING | OFFICE OF RESEARCH AND STATISTICS

COMPLETED ORIGINAL

research and statistics note

R&S NOTE NO 15
DECEMBER 29, 1978

SOCIAL WELFARE EXPENDITURES, FISCAL YEAR 1977*

An estimated $362.3 billion was spent in fiscal 1977 for social welfare under public programs, covering the 12-month period from October 1, 1976 to September 30, 1977 and marking the beginning of the newly designated Federal accounting period established under the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344). In recent years, including fiscal 1976, the Federal fiscal year covered a 12-month period ending on June 30 of each year. The change in the Federal fiscal year resulted in a 3-month transitional period (July 1 through September 30, 1976) between fiscal 1976 and 1977. Federal spending during that period was separately identified and reported in the U.S. Government Budget as outlays and obligations for the "transition quarter" (TQ). State and local government fiscal periods were unchanged.

The change in the Federal fiscal year complicates comparisons in expenditures for social welfare programs during fiscal 1977 with expenditures for fiscal 1976 and preceding years. However, by adding the TQ expenditures to both fiscal 1976 and 1977, thus establishing two similar but overlapping 15-month periods ending in September 1976 and 1977, some true comparisons on the level of spending can be made. For example, total social welfare expenditures under public programs for the two 15-month periods were $399.1 billion and $429.6 billion, respectively. These expenditures represent a 7.6-percent increase for the 15-month period ending September 1977 over the 15-month period ending September 1976. This increase in expenditures for social welfare programs falls well below the average annual increase of 14 percent for the period 1967-76.

For the first time in over two decades, social welfare expenditures as a percentage of the gross national product (GNP) showed a slight decline. As shown in the table the proportion dropped from 20.4 percent in fiscal year 1976 to 19.7 in 1977. This slight decline reflects a lower rate of growth in expenditures in 1977 than in 1976 in all but two of the major social welfare categories—health and medical programs and housing, while the GNP rose at a faster rate than in 1976. Programs that had been expanded in the mid-1970's to assist the growing number of eligible persons, such as the unemployment insurance and the food stamp programs, began leveling off in 1976. By 1977 expenditures under these programs actually showed a decline. Two other areas of social welfare also experienced declines in expenditures in 1977—education for veterans and their dependents and survivors and "social welfare, not elsewhere classified." Total social welfare expenditures as a proportion of government expenditures for all purposes also showed a slight decline, which is reflected in spending at the Federal level only; State and local government spending continued to rise.

Expenditures for social insurance programs accounted for more than two-fifths of the social welfare outlays in 1977, despite a substantial decline in unemployment insurance (including railroad) and employment security programs. Outlays for the old-age, survivors, disability, and health insurance

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(OASDHI) programs reached $105.4 billion, representing a substantial increase over both fiscal 1976 and the 15-month period ending September 1976.

Outlays for education reached nearly $95 billion in 1977, accounting for one-fourth of total expenditures; public aid rose to $52 billion representing 14 percent of total expenditures and reflecting increases mainly for public assistance. Spending for health and medical programs reached over $21 billion in 1977 or about 6 percent of total social welfare expenditures under public programs. The $21 billion outlay reflects substantial increases in expenditures for medical facilities construction, primarily under the Department of Defense programs, as well as increases in outlays for hospital and medical care. When expenditures for health and medical care provided in connection with social insurance, public aid, veterans', and other social welfare programs are taken into account, total health care spending under public programs rose to $67.4 billion in 1977.

More extensive detail on social welfare expenditures will be published in the *Social Security Bulletin.*

Social welfare expenditures under public programs, selected fiscal years 1950 through 1977, including the transitional quarter (July 1, 1976-September 30, 1976)

[In millions, except percentages]

Fiscal year	Total social welfare 1/	Social insurance	Public aid	Health and medical programs	Veterans' programs	Education	Housing	Other social welfare	All health and medical care 2/	Total social welfare as percent of-- Gross national product	Total social welfare as percent of-- Government expenditures for all purposes 3/
Total											
1950	$23,508	$4,947	$2,496	$2,064	$6,866	$6,674	$15	$448	$3,065	8.9	37.4
1955	32,640	9,835	3,003	3,103	4,834	11,157	89	619	4,421	8.6	32.7
1960	52,293	19,307	4,101	4,464	5,479	17,626	177	1,139	6,395	10.5	38.4
1965	77,175	28,125	6,283	6,246	6,031	28,108	318	2,066	9,535	11.7	42.2
1970	145,856	54,691	16,488	9,907	9,078	50,845	701	4,145	25,391	15.2	48.2
1974	239,397	99,002	31,520	14,953	14,112	70,534	2,554	6,722	41,512	17.6	56.5
1975	290,064	123,013	40,706	17,788	17,019	80,833	3,172	7,533	50,885	19.9	57.9
1976	331,898	145,604	47,985	19,207	18,958	87,721	3,371	9,052	58,163	20.4	60.2
July-Sept. 1976*	4/67,236	5/35,817	12,454	7,109	4,193	2,437	1,071	6/4,155	17,729	---	---
1977 7/	362,339	161,254	52,429	21,027	19,015	94,640	4,817	9,556	67,421	19.7	59.7
Federal											
1950	10,541	2,103	1,103	625	6,386	157	15	174	1,362	4.0	26.2
1955	14,623	6,385	1,504	1,150	4,772	485	75	252	1,948	3.9	22.3
1960	24,957	14,307	2,117	1,737	5,367	868	144	417	2,918	5.0	28.1
1965	37,712	21,807	3,594	2,761	6,014	2,470	238	832	4,625	5.7	32.6
1970	77,337	45,346	9,649	4,775	8,952	5,876	582	2,259	16,600	8.1	40.1
1974	139,192	82,832	20,388	7,145	13,874	7,042	2,009	3,902	27,499	10.1	52.3
1975	167,471	99,715	27,205	8,547	16,570	8,629	2,541	4,264	34,126	11.5	54.0
1976	197,498	119,594	32,527	10,054	18,796	9,023	2,906	4,598	40,438	12.1	57.1
July-Sept. 1976*	51,274	31,739	8,449	2,277	4,193	2,437	1,071	1,048	10,461	---	---
1977 7/	219,318	134,741	35,146	10,953	18,861	10,251	4,005	5,361	47,149	11.9	56.4
Percent of total	60.5	82.6	67.0	52.1	99.2	10.8	90.7	56.1	69.9	---	---
State and local											
1950	12,967	2,844	1,393	1,440	480	6,517	---	274	1,704	4.9	59.2
1955	18,017	3,450	1,499	1,953	62	10,672	15	367	2,473	4.7	55.3
1960	27,337	4,999	1,984	2,727	112	16,758	33	723	3,478	5.5	60.1
1965	39,464	6,316	2,690	3,466	20	25,638	80	1,254	4,911	6.0	60.4
1970	68,519	9,446	6,839	5,132	126	44,970	120	1,886	8,791	7.1	64.0
1974	102,206	16,169	11,133	7,809	239	63,492	545	2,819	14,013	7.5	64.1
1975	122,595	23,298	13,502	9,241	449	72,204	632	3,269	16,759	8.4	65.0
1976	134,399	26,010	15,458	9,153	162	78,697	465	4,454	17,725	8.3	66.0
July-Sept. 1976*	15,962	5/4,018	4,005	4,832	---	---	---	6/3,107	7,259	---	---
1977 7/	143,022	26,514	17,283	10,074	155	84,389	412	4,195	20,272	7.8	66.3
Percent of total	39.5	16.4	33.0	47.9	0.8	89.2	9.3	43.9	30.1	---	---

* Transitional quarter

1/ Represents expenditure under public law and from trust accounts, including administration, capital outlay, and some payments outside the United States.

2/ Combines "Health and medical programs" with medical services provided in connection with social insurance, public aid, veterans' and "other social welfare" programs.

3/ Expenditures for that part of workers' compensation and temporary disability insurance payments made through private carriers and self-insurers omitted in computing percentages.

4/ Excludes State and local expenditures not available for education, veterans', and housing programs and for public employee retirement and institutional care.

5/ State and local expenditures under public employee retirement not available.

6/ State and local expenditures for institutional care not available.

7/ Preliminary data.